

NAGACORP LTD 3918 HK

BUY

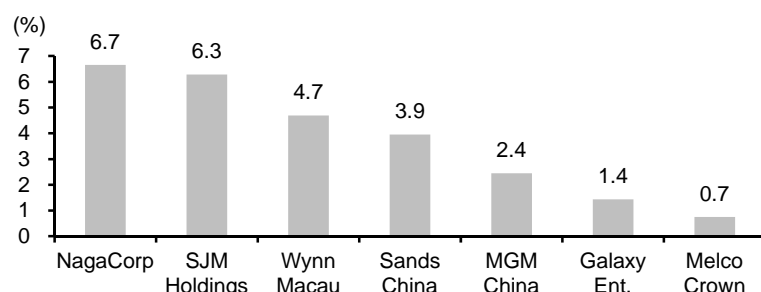
TARGET PRICE	HKD7.00
UP/DOWNSIDE	+18.4%
CLOSE	HKD5.91

HOW WE DIFFER FROM CONSENSUS		MARKET RECS	
TARGET PRICE (%)	0.2	POSITIVE	7
EPS 2015 (%)	4.0	NEUTRAL	1
EPS 2016 (%)	23.0	NEGATIVE	0

Rise of the Khmer Dragon

- Strategic partnerships and expansion plans coming online**
 NagaCorp's (Naga) strategic partnerships with Bassaka Air and China International Travel Services (CITS), coupled with the opening of NagaCity Walk in 1H16, could be a boon for Chinese tourist visitation. In addition, the opening of Naga2, due in mid-2017, will double Naga's existing capacity and increase its offerings.
- Proven dividend yield play**
 Since 2010, Naga has maintained its dividend payout ratio at c70%, and we believe it will be able to maintain its payout ratio over our forecast horizon even with its new expansion projects. We expect Naga to continue to generate healthy dividend yield (6.7% in 2015E) and positive free cash flow yield (10% in 2015E).
- No longer a single country story with exposure to Russia**
 Naga plans to invest (up to USD350m) and develop new integrated resorts in the Integrated Entertainment Zone (IEZ) in Primorsy Krai, Vladivostok, Russia. Currently, Russia has awarded two gaming licenses: one to Naga and another to Summit Ascent. We estimate Naga Russia to be worth about HKD1.22 per share. While we are optimistic about the prospects of gaming in Vladivostok and about Naga's intention to expand into new gaming jurisdictions, we have excluded Naga's investment in Vladivostok from our earnings model as we expect no meaningful earnings contribution until after 2020.
- Initiate at BUY with a SOTP-based target price of HKD7.00**
 We initiate at BUY with a TP of HKD7.00, using 8.5x EV/EBITDA to value both NagaWorld on 2015E and Naga2 on 2018E – a discount to Macau peers given Naga's relatively small scale and country risk associated with Cambodia.

Highest dividend yield among peers we cover in 2015E



Source: BNP Paribas estimates

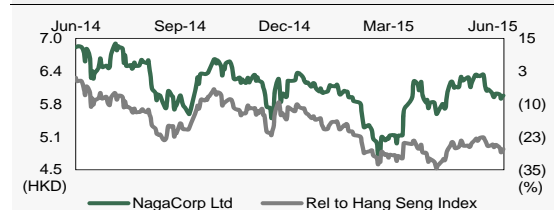


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KEY STOCK DATA

YE Dec (USD m)	2014A	2015E	2016E	2017E
Revenue	404	501	599	739
Rec. net profit	136	165	214	194
Recurring EPS (USD)	0.06	0.07	0.08	0.05
EPS growth (%)	(5.0)	21.5	9.9	(36.7)
Recurring P/E (x)	12.8	10.5	9.6	15.1
Dividend yield (%)	5.5	6.7	7.3	4.6
EV/EBITDA (x)	8.5	7.1	6.0	7.9
Price/book (x)	2.8	2.6	2.5	2.5
Net debt/Equity (%)	(32.6)	(39.3)	(41.5)	(36.9)
ROE (%)	22.2	25.4	28.3	19.4



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(4.7)	14.8	(13.5)
Relative to country (%)	(1.7)	3.7	(27.1)
Next Results	August 2015		
Mkt cap (USD m)	1,740		
3m avg daily turnover (USD m)	3.2		
Free float (%)	58		
Major shareholder	Lip Keong Chen (42%)		
12m high/low (HKD)	6.90/4.79		
3m historic vol. (%)	31.4		
ADR ticker	-		
ADR closing price (USD)	-		
Issued shares (m)	2,282		

Sources: FactSet estimates; BNP Paribas estimates

Our research is available on Thomson One, Bloomberg, TheMarkets.com, FactSet and on <http://eqresearch.bnpparibas.com/index>. Please contact your salesperson for authorisation. Please see the important notice on the back page.



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Investment thesis

We initiate on NagaCorp (Naga) with a BUY and a SOTP-based target price of HKD7.00 (18.4% upside potential).

Naga could benefit from: 1) its gaming monopoly in Phnom Penh until 2035; and 2) the low effective gaming tax regime in Cambodia, at 2% annually through 2018.

Naga's strategic partnerships with Bassaka Air and CITS will be critical for continued growth in Chinese tourist visitation to Phnom Penh, in our view. In addition, the scheduled opening of Naga2 in mid-2017 will double Naga's operational capacity and should capture increased demand from inbound tourism.

Having maintained its dividend payout ratio at c70% since 2010, we believe Naga will keep its payouts healthy as its new expansion projects are funded by CEO Tan Sri Chen Lip Keong. We expect Naga's dividend yield (6.7% in 2015E) and positive free cash flow yield (10% in 2015E) to be the highest of Asian gaming operators based on our own and Bloomberg consensus forecasts (Exhibit 3).

Catalyst

Potential catalysts for Naga include: 1) launch of direct flights from under-penetrated provinces in China; 2) new junkets signing up with Naga; and 3) announcements of new/renewal of EGM operation agreements

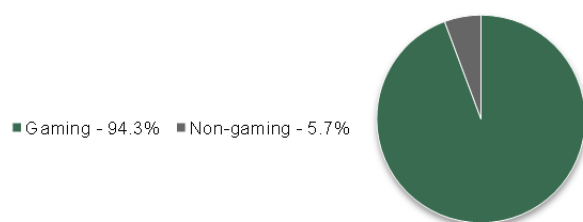
Risk to our call

Key downside risks include: 1) equity placement and CEO ownership overhang; 2) regional competition from Vietnam and/or Thailand; 3) regulatory risk (loss of license); and 4) a reduction in the dividend payout ratio.

Company background

NagaCorp operates hotel, gaming and leisure business in Cambodia. Its flagship, NagaWorld is the only integrated resort in Phnom Penh (capital city of Cambodia) with a 70-year casino licence till 2065 and 41-year monopoly expiring in 2035. NagaWorld had reported EBITDA margin of 43% in 2014 and held 169 gaming tables and 1,537 gaming machines as at the end of 2014. The company has scheduled to open NagaCity Walk and the TSCLK complex in 1Q16 and 2017 respectively.

Principal activities (revenue, 2014)



Source: BNP Paribas estimates

Key executives

	Age	Joined	Title
Lip Keong Chen	67	1995	Chief Executive Officer
Wai Tuck Lee	52	2009	Chief Financial Officer
Yepeh Chen	31	2011	Executive Director

<http://www.nagacorp.com/eng/ir/reports.php>

Key assumptions

(USD m)	2014	2015E	2016E	2017E
Gross revenue	404	501	599	739
Change (y-y %)	17	24	19	23
From VIP (% of rev)	47	43	41	43
From mass (% of rev)	48	52	55	50
From non-game (%)	6	5	5	6
EBITDA	176	213	266	265
Change (y-y %)		21	25	(1)
EBITDA margin (%)	43	43	44	36

Sources: NagaCorp Ltd; BNP Paribas estimates

Earnings sensitivity

(USD m)	Base case	Sensitivity on VIP		Sensitivity on mass	
		Bull	Bear	Bull	Bear
Gross revenue (2015E)	501	511	492	511	492
Change (y-y %)	24	26	22	4	-4
VIP revenue	217	226	207	217	217
Change (y-y %)	15	20	10	0	0
Mass revenue	259	259	259	269	250
Change (y-y %)	34	0	0	39	29
EBITDA (2015E)	213	216	211	223	204
Change (y-y %)	21	23	20	27	16
Chg from base case (%)		1	(1)	4	(4)
EBITDA margin (%)	42.6	42.3	42.8	43.6	41.5

Sources: NagaCorp Ltd; BNP Paribas estimates

■ Our sensitivity analysis suggests a 5% change in mass revenue would lead to a 4% change in EBITDA in 2015, all else being equal, whereas a 5% change in VIP revenue would impact its EBITDA by 1%.

■ Naga's earning is not sensitive to VIP demand, as the segment accounts for 47% of its revenue. We expect the mass segment to be the main revenue contributor.

Executive summary: Initiate at BUY with TP of HKD7.00

Strategic partnerships and expansion plans coming online

Naga's strategic partnerships with Bassaka Air (not listed) and CITS (601888 CH) will be critical for continued growth in Chinese tourist visitation to Phnom Penh, in our view. Bassaka Air, Naga's affiliated airline, will collaborate with CITS to start new air routes (beginning 2H15) between Phnom Penh and second-tier Chinese cities. NagaCity Walk, due to start operations in 1Q16, will house Phnom Penh's first luxury retail mall where the main lessee is CITS-owned China Duty Free. We believe these partnerships could be a boon for Chinese tourist visitation.

In addition, Naga2 is scheduled to open in mid-2017, which will double Naga's existing capacity and increase its offerings. This will allow Naga to offer full integrated resort facilities (first of its kind in Cambodia) to capture the potential increase in tourist visitation.

Proven dividend yield play

Naga will generate the highest FCF among gaming operators in Macau and Cambodia with c10% FCF yield in 2015, based on our own and Bloomberg consensus estimates. Also, Naga ranks first of all gaming companies with c6.7% dividend yield in 2015E. Since 2010, Naga has maintained its dividend payout ratio at c70%. We believe Naga will be able to maintain its dividend payout ratio over our forecast horizon as its projects under development, NagaCity Walk and Naga2, are financed by the previously agreed equity arrangement with its CEO Tan Sri Chen Lip Keong. We are modelling 6.7%/7.3% dividend yields (at current prices) and 10.2%/11.2% free cash flow yields for 2015/2016. (See Exhibits 1 to 3.)

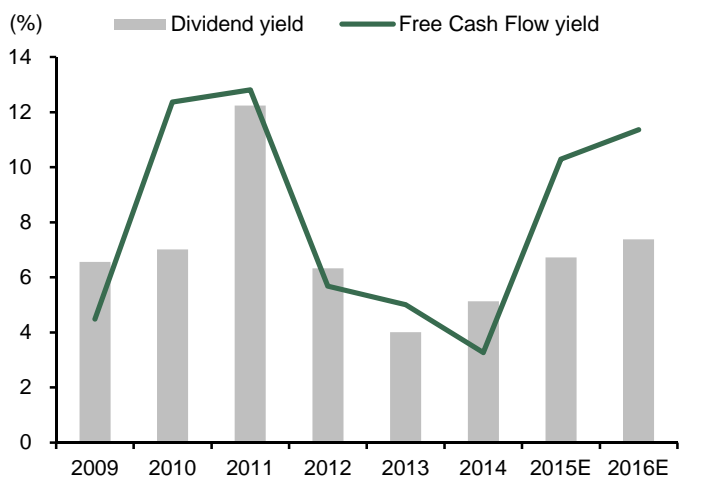
No longer a single country story – Naga Russia due to start in 2018

Naga has agreed to invest USD350m and develop new integrated resorts in a 21.6-hectare land in the Integrated Entertainment Zone (IEZ) in Primorsky Krai, Vladivostok, Russia. Currently, Russia has awarded two gaming licenses: one to Naga and another to Summit Ascent (102 HK). We estimate Naga Russia to be worth about HKD1.22 per share. While we are optimistic about the prospects for gaming in Vladivostok and about Naga's intention to expand into new gaming jurisdictions, we have excluded Naga's new investment in Vladivostok from our earnings model as we expect no meaningful earnings contribution until after 2020.

Quasi gaming monopoly and low gaming tax

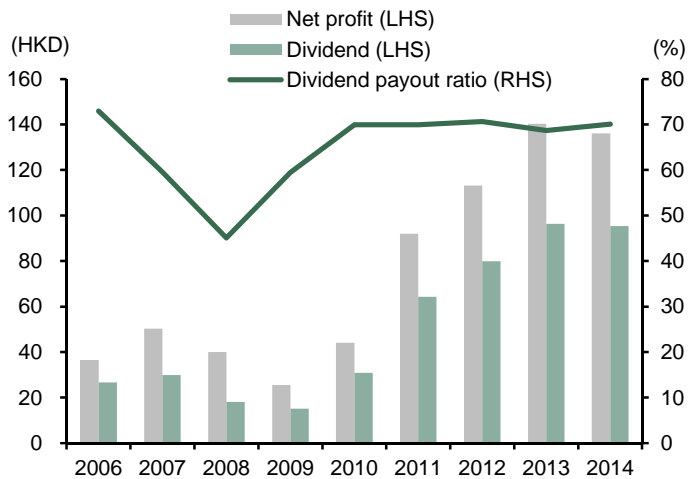
Armed with a 70-year casino licence until 2065 and a 40-year casino monopoly within a 200-km radius of Phnom Penh until 2035, NagaCorp operates NagaWorld, an integrated gaming resort in Phnom Penh. Cambodia's gaming tax includes a system of fixed payments named "Obligatory payments" (cUSD 325k per month/ USD3.9m per annum), which is determined by the location and size of operations of the operating casino. We estimate effective gaming tax is c2% of gross gaming revenues, making it the lowest gaming tax regime in Asia. We believe Naga could benefit from: 1) its gaming monopoly in Phnom Penh through 2035; and 2) the low effective gaming tax regime in Cambodia, at c2% annually, through 2018. (See Exhibit 4 for a tax comparison with other gaming jurisdictions.)

Exhibit 1: Positive dividend and FCF yield since 2009



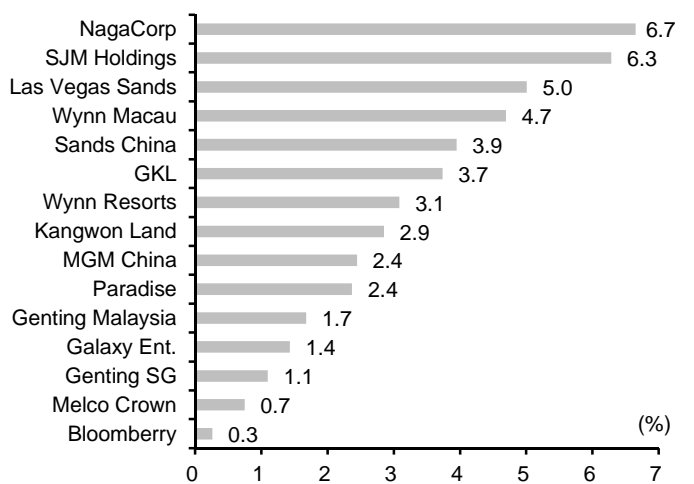
Sources: Company data; BNP Paribas estimates

Exhibit 2: Naga maintains c70% payout ratio since 2010



Sources: Company data; BNP Paribas estimates

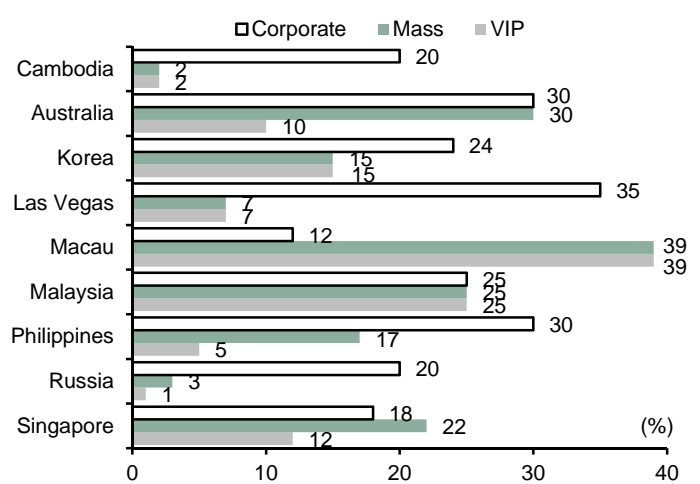
Exhibit 3: Highest 2015E dividend yield expected for Naga



Note: Prices as of 25 Jun 2015

Sources: BNP Paribas estimates for NagaCorp, SJM Holdings, Wynn Macau, Sands china, MGM China, Genting Malaysia, Galaxy Entertainment, and Melco Crown, all others (not rated) are Bloomberg consensus estimates

Exhibit 4: Cambodia - lowest effective gaming tax in Asia



Sources: Company data; BNP Paribas estimates

Tourism growth in Cambodia

Cambodia has been experiencing an unprecedented proliferation in tourism, underpinned by an improving infrastructure. Total tourist arrival increased from c900k visitors in 2004 to c4.5m visitors in 2014, implying 14% CAGR (see Exhibit 5). In 2014, Cambodia received the most visitors from Vietnam (c20% of total visitors), China (c12%), Laos (c10%) and Korea (c9%).

Cambodia continues to grow as a major tourist attraction, and its Ministry of Tourism forecasts international tourist arrivals will increase at c29% CAGR to 7.5m over 2014-20. Tourist arrivals from Vietnam (34% CAGR over 2004-14) was driven by improvement in key infrastructure such as increased road works and new bridges. Another key driver has been tourist arrivals by air. International tourist arrivals via the Phnom Penh airport increased from 317k in 2004 to 918k in 2014, implying 10% CAGR. In 2013 and 2014, c10 new air routes from China have boosted tourist arrivals from the country. In 2014, Cambodia's total number of visitors grew 7% and Chinese visitors grew 21%.

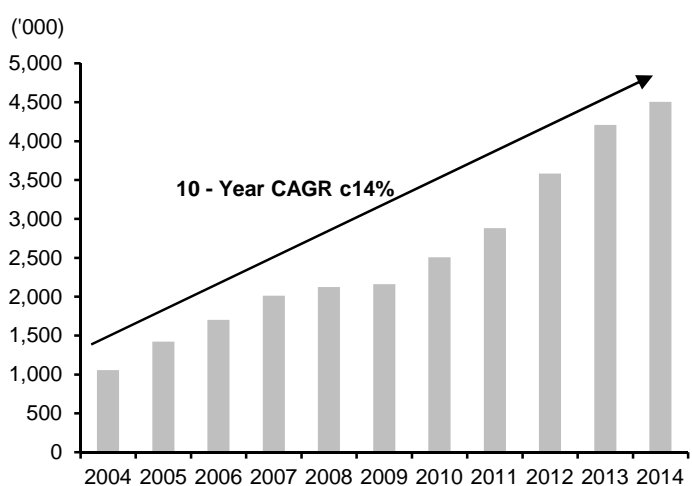
The government plans to improve Cambodia's airport infrastructure to cope with the expected growth in visitors by increasing handling capacity at the Phnom Penh and Siem Reap airports. Naga has invested USD15m-20m on the Naga Terminal at the Phnom Penh airport to service VIP patrons. Airport infrastructure improvements are due to be completed the end of 2016.

Strategic partnership with CITS and Bassaka Air to drive Chinese tourism

Naga purchased two commercial aircraft in 2014, which were leased to its affiliated airline, Bassaka Air. On 3 October 2014, Bassaka Air, began operations and started regular domestic flights between Phnom Penh and Siem Reap. In May 2015, Bassaka Air began flying twice weekly between Macau and Phnom Penh. We believe the new Macau flight schedule could be crucial in ramping up junket trips originating from Macau (e.g. Macau junkets can offer VIP players visiting Macau on transit visas and a trip to Cambodia as a package).

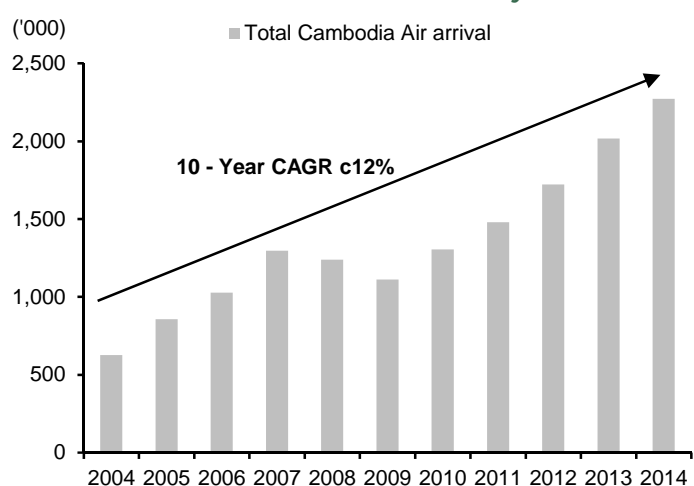
In conjunction, Naga has committed to offer low-cost accommodation travel packages to CITS, one of the largest state-owned travel agencies in China. In addition, Bassaka Air will work with CITS to start new air routes between Phnom Penh and second-tier Chinese cities, which are scheduled to begin in 2H15.

Exhibit 5: Total tourists arrivals in Cambodia since 2004



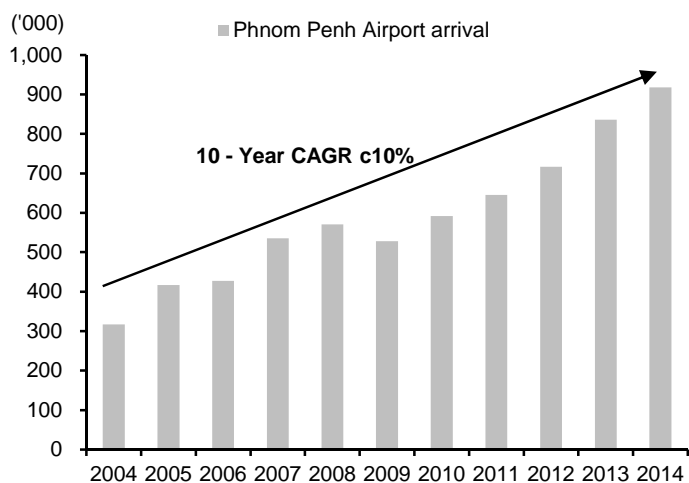
Source: Ministry of Tourism Cambodia

Exhibit 6: Total tourist arrival in Cambodia by air since 2004



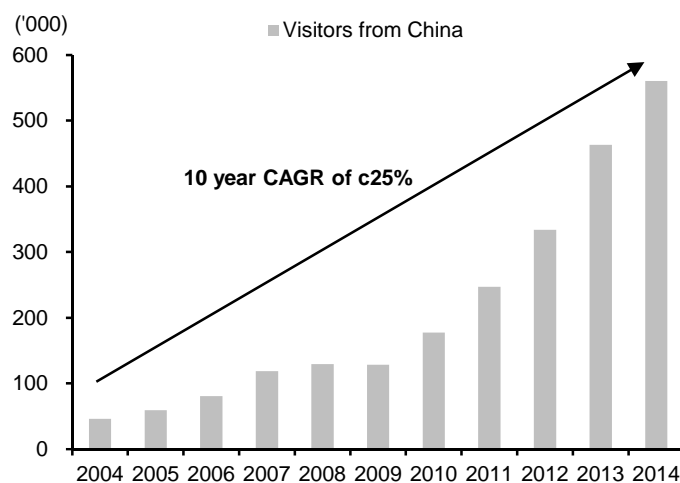
Source: Ministry of Tourism Cambodia

Exhibit 7: Total tourist arrivals via Phnom Penh airport



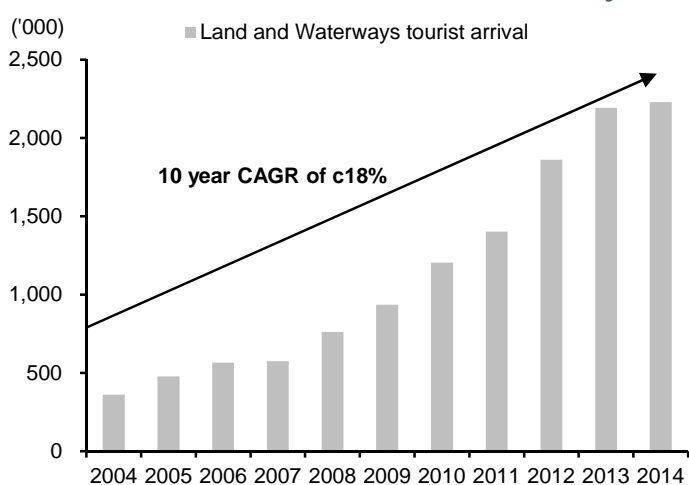
Source: Ministry of Tourism Cambodia

Exhibit 8: Total Chinese tourist arrivals in Cambodia



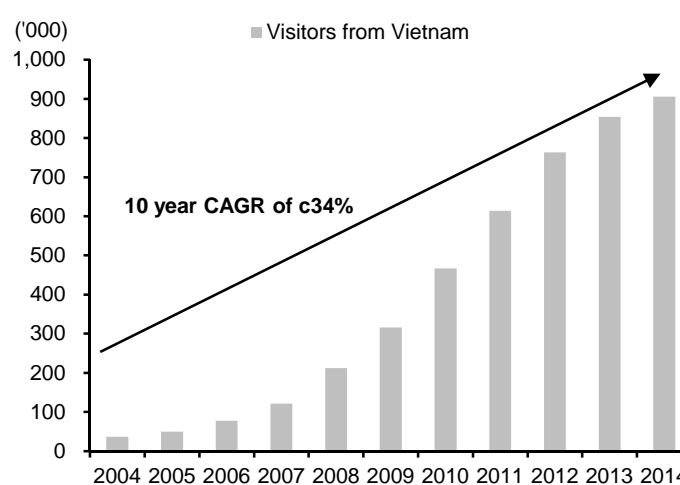
Source: Ministry of Tourism Cambodia

Exhibit 9: Total tourist arrivals via land and waterways



Source: Ministry of Tourism Cambodia

Exhibit 10: Total Vietnamese tourist arrivals in Cambodia



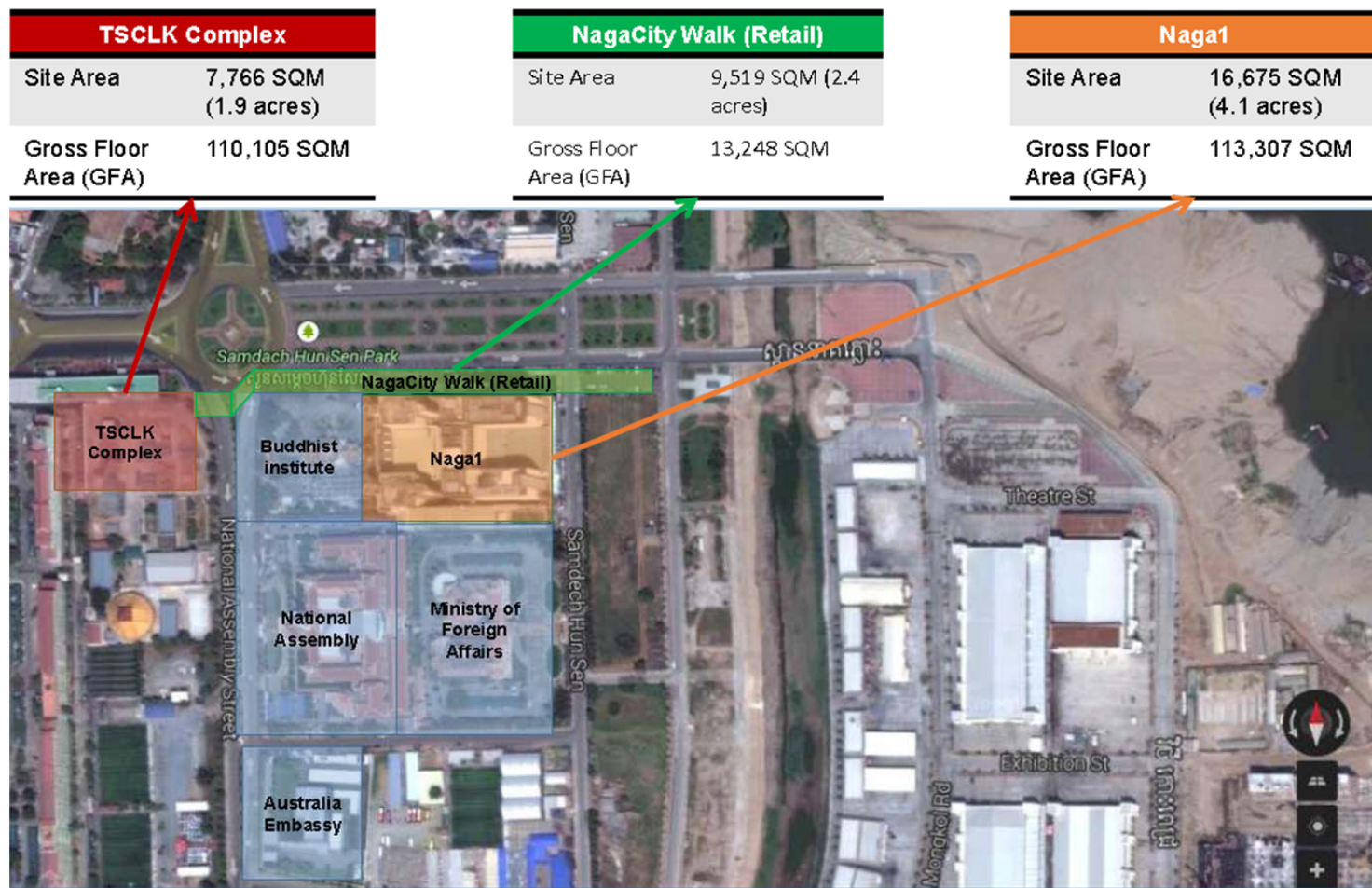
Source: Ministry of Tourism Cambodia

Expansion plans

NagaCity Walk and Naga2

NagaCity Walk, a walkway linking NagaWorld to Naga2, will house Phnom Penh's first luxury retail mall with a minimum leasable area of c2,000 sqm. Naga has received commitments from its construction partners for NagaCity Walk to be ready by September 2015. Thereafter, the leased area will be taken over by the main lessee, CITS-owned China Duty Free, for fit out and is due to be ready for operation in 1Q16.

Exhibit 11: Location of NagaWorld and Naga2



Source: Company presentation

One plus one equals two. Naga's latest property, Naga2, also known as Tan Sri Chen Lip Keong (TSCLK) complex, is scheduled to open in mid-2017. The opening of Naga2 will double Naga's existing capacity and bring about additional offerings (see Exhibit 12). This will allow Naga to offer full integrated resort facilities (first of its kind in Cambodia) and capture visitation growth in the long run.

We estimate Naga2 will generate gross gaming revenue (GGR) of USD170m in 2017, its first full year of operation (NagaWorld's 2014 GGR was USD381m), and EBITDA of USD46m in the same year (NagaWorld's 2014 EBITDA was USD176m).

Exhibit 12: Project size of Naga1 and Naga2

	Naga1 @ 31/3/2015	Enhancement within Naga1	Upon completion of enhancement	Naga2	Total (Naga1 + Naga2)
Gaming tables in operations*	VIP: 129 Mass: 85 Total: 214	VIP: 16 Total: 16	VIP: 145 Mass: 85 Total: 230	Total: 200 -300	Total: 430 -530
Electronic Gaming Machines in operations^	1,542	248	1,790	500	2,290
Hotel rooms	713	Nil	713	1,019	1,732
VIP Private Gaming suites#	7	5	12	38	50
Retail space (sqm)	381	Nil	381	2,400**	2,781**
MICE/Theatre facilities (seating capacity)	750	Nil	750	2,100	2,850
Car park bay	60	Nil	60	533	693

Notes: *Gaming tables in VIP private suites are excluded; planned additional 16 tables will be added in the VIP rooftop area in 2015

^EGM number includes planned additional 200 EGM for the VIP rooftop area in 2015 and 48 EGM in Saigon Palace in 2H2015

**Retail space in Naga2 is the minimum lettable retail space in NagaCity Walk

Currently 7 suites with 8 tables. Another 4 suites with 8 tables under construction and scheduled for completion in 2015

Source: Company presentation

Naga to remain debt-free while completing NagaCity Walk and Naga2. In an agreement concluded in 2011, Naga intends to acquire both NagaCity Walk and Naga2 from CEO Tan Sri Dr Chen Lip Keong on completion. Naga has proposed to issue 399m shares and 1,167m shares to Dr. Chen at HKD1.8776 per share for both NagaCity Walk and Naga2.

No longer a single country play

Apart from its operations and expansion in Phnom Penh, Cambodia, Naga has agreed to invest USD350m and develop new integrated resorts in a 21.6-hectare land in the Integrated Entertainment Zone (IEZ) in Primorsy Krai, Vladivostok, Russia. The IEZ is one of five regions which Russia has authorized for gaming development. Currently, Russia has awarded two gaming licenses: one to Naga and the other to Hong Kong-listed Summit Ascent. Naga's investment plans for phase 1 (USD200m) include 100 gaming tables, 500 electronic gaming machines (EGMs), 346 hotel suites, 9 food and beverage and entertainment outlets, among many other amenities.

To value Naga's Russian investment, we apply a target EV/EBITDA multiple of 10x (consistent with BNPP's valuation method of Summit Ascent) to our estimate of the new property's 2020E EBITDA. From our back-of-the-envelope calculations, we estimate Naga Russia to be worth about HKD1.22 per share (see Exhibit 13).

While we are optimistic about the prospects of gaming in Vladivostok and Naga's intention to expand into new gaming jurisdictions, we have excluded Naga's new investment in Vladivostok from our earnings model as we expect no meaningful earnings contribution until after 2020.

Exhibit 13: Back-of-the-envelope estimates for Naga Russia

Back of the envelope estimates for NagaRussia	
Summit Ascent's Phase 1 assumptions (2020E)	(USD)
VIP Win per table per day (USD)	22,297
Mass Win per table per day	2,971
Slots Win per unit per day	152
Non-gaming revenue per hotel room per day	348
Naga Russia assumptions	(USD m)
VIP GGR (@ 30 VIP tables)	244
(Less: Junkets revenue share 70%)	(171)
Mass GGR (@70 Mass tables)	76
Slots GGR (@ 500 EGMs)	28
Non-gaming revenue (@ 346 hotel rooms)	44
Total revenue	221
EBITDA (Operating at 40% EBITDA margins)	88
Valued at 10x EV/EBITDA multiple (BNPP est.)	883
PV at end of 2015 (WACC of 10%)	549
No. of shares (m shares)	3,484
Price per share (USD)	0.16
Price per share (HKD)	1.22

Source: BNP Paribas estimates

Earnings growth assumptions

VIP – starting from a low base

Since Naga began its VIP incentive program in 1Q13, it has managed to increase its quarterly VIP rolling volume at 9% CAGR q-q through 1Q15. The junkets that have driven this growth include four Malaysian junkets, a few local junkets and a Chinese junket Asian Nations (since Aug 2014). Historically, Naga has targeted the low-end of the VIP sector where a player's check amount ranges from USD10k to USD15k. This is evident in Naga having the lowest win per unit per day against its peers in the region (see Exhibit 14).

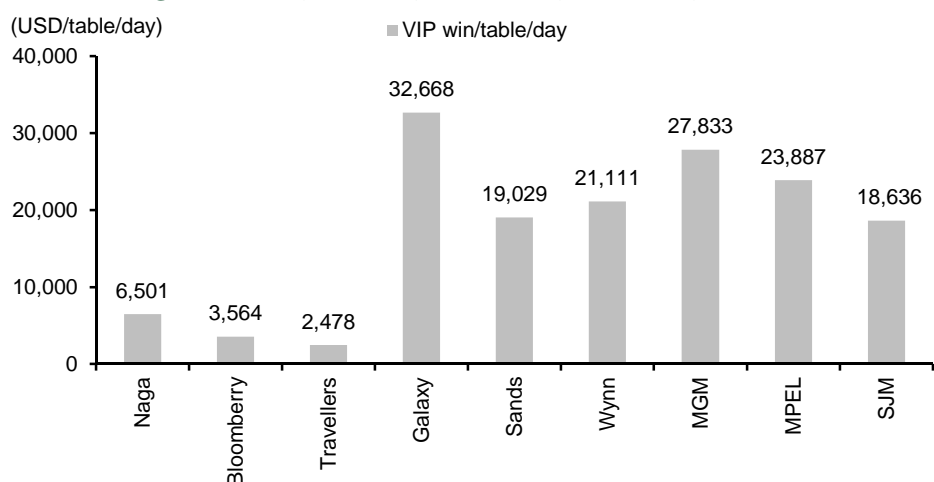
We see growth potential for Naga's VIP segment and estimate its VIP rolling chip volume will grow at 23% in 2015 and 12% in 2016, with VIP gross profit growing at 4% and 12% for the two years (significantly lower gross profit margins are due to VIP incentive plans), based on the following factors:

Macau-based junkets sign ups. In April, Suncity (not listed), Macau's top junket, agreed to operate in NagaWorld on a casual junket agreement (vs. fixed room agreement where the junket would deliver a fixed amount of rolling per table on a monthly basis). In June, Jimei (not listed), Century Group (not listed) and Lucky Star (not listed) agreed to operate on a fixed junket agreement with NagaWorld, taking over an area on the first floor (previously known as Aristocrat room).

Competitive revenue-sharing schemes for junkets. Due to high gaming taxes in Macau, gaming operators generally offer junket operators c45% in revenue-share schemes. In comparison, revenue-share schemes for junkets in Cambodia could reach up to c70%. However, this could signal increased VIP incentives for Naga as rolling commissions previously ranged from 1.1% to 1.35% (70% revenue share implies c2% rolling commissions).

Additional VIP-oriented facilities. In 2H15, Naga plans to open 16 more VIP tables along with a rooftop pool deck. In addition, Naga's VIP terminal could start operations at Phnom Penh International Airport from 1Q16, which supplements Bassaka Air's direct flights from Macau (started May) and possible direct flights from the previously unpenetrated provinces of China in 2H15.

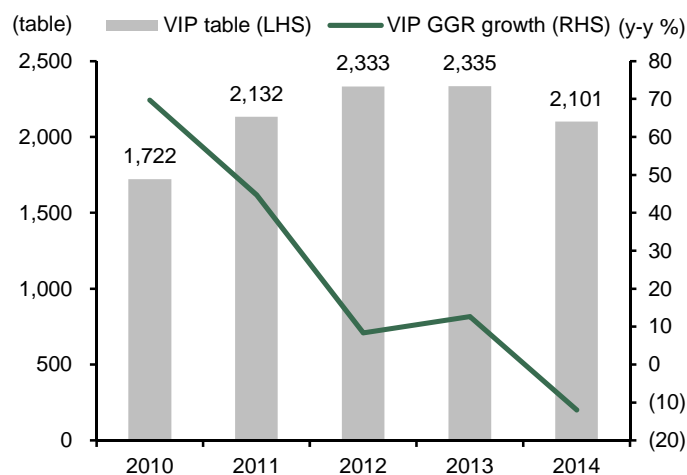
Exhibit 14: Naga's VIP win per table per day compared with peers



Notes: VIP win per table per day is calculated from reported VIP revenue and estimated average VIP table number during 1Q15

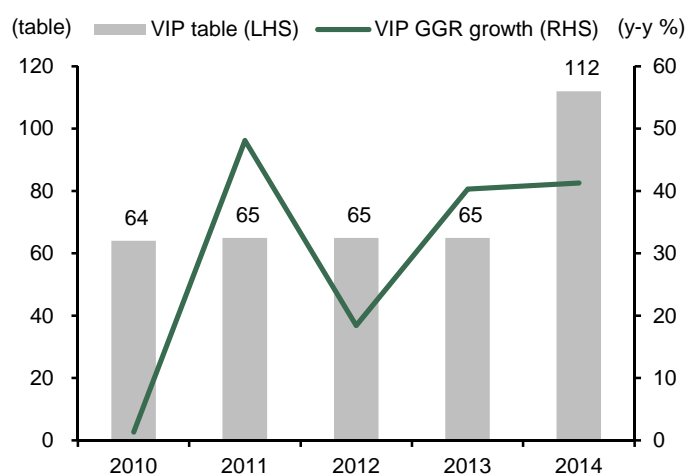
Sources: Galaxy Entertainment; MGM China; Sands China; Wynn Macau; SJM Holdings; Melco Crown; BNP Paribas estimates for Naga, Bloomberry and Travellers based on industry consultants and financial statements

Exhibit 15: Macau VIP GGR growth vs VIP table



Sources: Galaxy Entertainment; MGM China; Wynn Macau; Melco Crown; SJM Holdings; Sands China

Exhibit 16: Cambodia VIP GGR growth vs VIP table



Source: BNP Paribas estimates

Mass/EGM: riding on inbound tourism growth

Naga's mass segment includes public floor gaming tables and electronic gaming machines (EGMs). Public floor gaming tables, where minimum bets could go as low as USD30, are only open to those with a foreign passport while EGMs are accessible to all (includes locals). We believe Naga's growth in the mass segment is driven by tourist visitation and increased expenditure by mass-market players, supported by economic growth in Indochina. We see growth potential for Naga's mass segment, and estimate mass gaming revenue will grow 10% in 2015 and 12% in 2016 and EGM revenue will grow 8% in 2015 and 9% in 2016, based on the following factors:

Process and technology upgrades. Prior to June, as a precautionary measure against counterfeit bills, Naga's patrons could only buy casino chips at the cage (e.g. unlike Macau, Vegas or Singapore where chips buy-in are done at the gaming tables). Naga has since improved this process and installed new bill validation machines on each gaming table to speed up the chips buy-in process, which we believe could allow for increased wins from increased wager volume (increased time factor). Likewise, in the EGM segment, Naga plans to install TITO (Ticket-In Ticket Out) systems on its EGMs, which we believe could bring about increased handle (increased time factor) and result in increased EGM wins.

NagaCity Walk. We believe the opening of NagaCity Walk should be an overall positive for Naga given: 1) Naga's strategic tie-up with CITS's China Duty Free could be a boon for tourist visitation and overnight traffic; 2) reinstatement of traffic flow to NagaWorld's main entrance, which was disrupted during the construction of NagaCity Walk; and 3) new retail offerings could be a strategic driver of tourist volume to NagaWorld.

Strategic partnerships with CITS and Bassaka Air. We believe both these partnerships augment each other in promoting tourism in Cambodia. Bassaka Air in collaboration with CITS could open new air routes and the previously unpenetrated markets within China as early as 2H15. In addition, CITS could increase overnight stay for its packages within Phnom Penh (currently c1.5 nights for a 6-day package) based on: 1) discounted rates commitment from Naga; 2) increased offerings from the opening of NagaCity Walk; and 3) China Duty Free is owned by CITS (higher incentive to drive its success).

Renewal of slot machines. On 28 May 2015, Naga entered into an EGM operations agreement with four independent third parties to renew 300 of its EGMs. We believe that replacing these old machines (more than 6 years old) with new concepts and offerings in the EGM segment could improve win per unit per day.

Impending renewal of c790 EGMs in 2016. Naga's existing EGM operations agreements with Zhiyou (not listed) and Entertainment Gaming Asia (EGT US, formerly known as Elixir Gaming Technology) will expire in 2016. This could bring

about renewal for c790 EGMs (EGT: 640, Zhiyou: 150). Based on the latest EGM operations agreement signed on 28 May 2015, we believe Naga could receive fees of cUSD85m or even higher (one-off) from the renewal of the c790 EGMs.

Compared to consensus

Our 2016E net profit is c23% above consensus as we believe Naga will receive one-off fees of up to cUSD85m on renewal of existing EGM operations agreement.

Our 2017E net profit is 2% below consensus as we assume Naga2 will be opened at end-June 2017 and the ramp-up to be slightly slower than the market seems to expect.

Exhibit 17: NagaCorp: BNPP vs. consensus

	-----2015E-----			-----2016E-----			-----2017E-----		
	BNPP est. (USD m)	Consensus (USD m)	Delta (%)	BNPP est. (USD m)	Consensus (USD m)	Delta (%)	BNPP est. (USD m)	Consensus (USD m)	Delta (%)
Gross revenue	501	507	(1)	599	583	3	739	701	5
EBITDA	213	214	(0)	266	232	15	265	270	(2)
Net profits	165	168	(2)	214	174	23	194	197	(2)
EPS (USD)	0.072	0.070	4	0.080	0.065	23	0.050	0.057	(12)
EBITDA margin on gross revenue (%)	42.6	42.2		44.5	39.8		35.8	38.5	

Sources: Bloomberg consensus estimates; BNP Paribas estimates

Exhibit 18: NagaCorp profit & loss by segment

	2012	2013	2014	2015E	2016E	2017E	2018E	2019E	2020E
	(USD m)	(USD m)	(USD m)	(USD m)	(USD m)	(USD m)	(USD m)	(USD m)	(USD m)
Profit & loss									
Gross revenue	279	345	404	501	599	739	1,102	1,146	1,191
VIP gaming	95	133	188	217	244	321	450	468	488
Mass gaming	78	90	109	120	134	238	419	437	456
EGM gaming	88	102	85	140	193	133	171	177	184
Non-gaming and others	18	20	23	25	28	46	62	63	64
(Cost of sales)	(76)	(96)	(132)	(164)	(186)	(258)	(375)	(390)	(404)
Gross profit	203	249	273	337	413	481	727	756	787
Margin (%)	73	72	67	67	69	65	66	66	66
Gaming tax	(3)	(3)	(4)	(4)	(5)	(6)	(7)	(8)	(10)
Operating costs, ex D&A	(62)	(73)	(93)	(120)	(141)	(211)	(243)	(267)	(294)
EBITDA	138	172	176	213	266	265	477	481	483
Margins on gross revenue (%)	49	50	43	43	44	36	43	42	41
D&A	(20)	(26)	(34)	(41)	(45)	(62)	(73)	(77)	(80)
EBIT	118	145	142	172	221	203	404	404	403
Profit before tax	118	145	142	172	221	203	404	404	403
Taxation	(4)	(5)	(6)	(7)	(8)	(9)	(11)	(13)	(15)
Profit after tax	113	140	136	165	214	194	393	391	387
Non-controlling interest	0	0	0	0	0	0	0	0	0
Net profits	113	140	136	165	214	194	393	391	387
Change (y-y %)									
Gross revenue	25	24	17	24	19	23	49	4	4
VIP gaming	18	40	41	15	12	32	40	4	4
Mass gaming	24	15	21	10	12	78	76	4	4
EGM gaming	28	16	(17)	65	38	(31)	28	4	4
Non-gaming and others	46	11	14	10	12	63	34	2	2
EBITDA	23	25	2	21	25	(1)	80	1	1
Net profits	23	24	(3)	22	29	(9)	102	0	(1)

Sources: Company; BNP Paribas estimates

Exhibit 19: NagaCorp business breakdown by property

	2012	2013	2014	2015E	2016E	2017E	2018E	2019E	2020E
	(USD m)	(USD m)	(USD m)	(USD m)	(USD m)	(USD m)	(USD m)	(USD m)	(USD m)
Revenue	279	345	404	501	599	739	1,102	1,146	1,191
NagaWorld	279	345	404	501	599	554	571	589	608
Naga2						185	532	557	583
Adjusted EBITDA	138	172	176	213	266	265	477	481	483
NagaWorld	138	172	176	213	266	218	243	241	238
Naga2						46	234	239	245
Adjusted EBITDA split									
NagaWorld (%)	100	100	100	100	100	82	51	50	49
Naga2 (%)	0	0	0	0	0	18	49	50	51

Sources: Company; BNP Paribas estimates

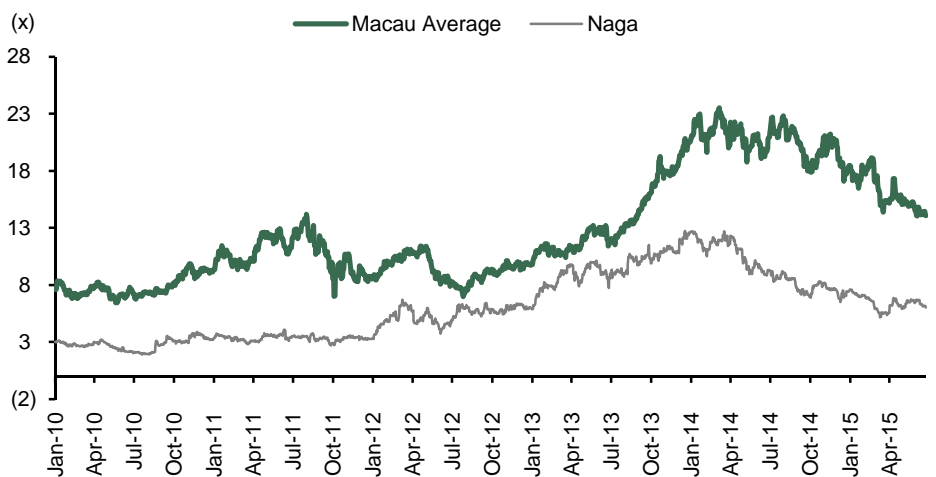
Valuation: 12m SOTP-based TP of HKD7.00 implies 18% upside

We value Naga by applying 8.5x, a c40% discount to its Macau peers given Naga's relatively small scale and country risk associated with Cambodia. We are conservative in our valuation as Macau has been a de-rating story, although we recognise Naga has been able to buck the trend and has a growth story behind it. In addition, Naga has consistently delivered on its initiatives, which could allow it to grow ahead of its peer group.

We derive our target price by applying a target EV/EBITDA multiple to our EBITDA forecasts for 2015E EBITDA for NagaWorld and 2018E EBITDA for Naga2. Our EV is discounted back to end-2015 based on a WACC of 12.7%. While Naga is listed on the HK exchange and its cost of capital is relatively low (Bloomberg estimates it at 4.6%), we believe the business risk for Naga lies in Cambodia where political/country risk is considerably higher. As such, we apply a WACC of 12.7% to our estimates. We apply a fully dilutive impact from the share issuance (2,282m issued shares, 3,848m total shares) related to both new retail (NagaWalk) and casino/hotel (Naga2) projects. We have excluded Naga's Russian investment as we expect no meaningful earnings contribution until after 2020.

We have cross-checked our SOTP valuation with a DCF analysis (Exhibit 22), which also generates a value of HKD7.00 per share.

Exhibit 20: Rolling EV/EBITDA – Macau average vs Naga



Sources: Bloomberg; BNP Paribas estimates

Exhibit 21: NagaCorp – SOTP-based valuation (HKD m)

Project	Assumptions	EV (HKD m)	Share issuance (m)	NPV (HKD m)	Per share (HKD)	% of NAV (%)
NagaWorld	8.5x 2015E EBITDA	14,073		14,073	3.7	52
Naga2	NPV of 2018E EBITDA assuming 8.5x 2015E EV/EBITDA Multiple (Discounted at 12.7% WACC)	15,787		11,026	2.9	41
Net Cash/(Debt) at end-2015E				1,861	0.48	7
Equity value				26,960	7.00	100
Pre dilution share count				2,282		
Takeover of NagaCity Walk in 2016E			399			
Takeover of Naga2 in 2017E			1,167			
Fully diluted share count				3,848		
Equity value per share				7.00		
Current price				5.91		
Upside (%)				18		

Source: BNP Paribas estimates

Exhibit 22: NagaCorp – DCF valuation check (12.7% WACC, 2% terminal growth)

	2015E (USD m)	2016E (USD m)	2017E (USD m)	2018E (USD m)	2019E (USD m)	Terminal value (USD m)
EBITDA	213	266	265	477	481	
Changes in working capital	1	1	2	5	1	
Capex	(30)	(30)	(37)	(55)	(57)	
Capex as % of revenue (%)	6	5	5	5	5	
Income tax	(7)	(8)	(9)	(11)	(13)	
Free cash flows (FCF)	178	230	221	416	411	3,916
PV of FCF (USD m)	178	204	174	291	255	2,153
Enterprise value	3,254	Sum of all present values				
Add: net cash	240	As at end-2015E				
Equity value	3,494					
# of shares (m)	3,848					
Implied value per share (USD)	0.91					
Implied value per share (HKD)	7.00					
Current price (HKD/share)	5.91					
Upside / (downside) (%)	18					

Source: BNP Paribas estimates

Exhibit 23: Price sensitivity

Implied value per share (HKD)	WACC											
	12.0%	12.1%	12.2%	12.3%	12.4%	12.5%	12.6%	12.7%	12.8%	12.8%	12.9%	13.0%
0.5%	6.8	6.8	6.7	6.7	6.6	6.6	6.5	6.5	6.4	6.4	6.4	6.3
1.0%	7.1	7	6.9	6.9	6.8	6.8	6.7	6.6	6.6	6.6	6.5	6.5
1.5%	7.3	7.2	7.1	7.1	7	7	6.9	6.8	6.8	6.8	6.7	6.7
2.0%	7.5	7.5	7.4	7.3	7.3	7.2	7.1	7.1	7	7	6.9	6.9
2.5%	7.8	7.7	7.7	7.6	7.5	7.4	7.4	7.3	7.2	7.2	7.2	7.1
3.0%	8.1	8	7.9	7.9	7.8	7.7	7.6	7.5	7.5	7.5	7.4	7.3
3.5%	8.5	8.4	8.3	8.2	8.1	8	7.9	7.8	7.8	7.8	7.7	7.6
4.0%	8.9	8.7	8.6	8.5	8.4	8.3	8.2	8.2	8.1	8.1	8	7.9
4.5%	9.3	9.2	9.1	8.9	8.8	8.7	8.6	8.5	8.4	8.4	8.3	8.2
5.0%	9.8	9.7	9.5	9.4	9.3	9.2	9	8.9	8.8	8.8	8.7	8.6

Source: BNP Paribas estimates

Exhibit 24: Peer valuation comparison

BBG code	Company	Rating	TP	Price	Mkt. cap	Share performance			P/E		EV/EBITDA		EBITDA growth		Div yield		P/BV		ROE	
						3m	6m	12m	'15E	'16E	'15E	'16E	'15E	'16E	'15E	'16E	'15E	'16E	'15E	'16E
				(LC)	(USD b)	(%)	(%)	(%)	(x)	(x)	(x)	(x)	(%)	(%)	(%)	(%)	(x)	(x)	(%)	(%)
3918 HK	NagaCorp	Buy	7.0	5.9	1.7	17.9	(1.9)	(8.7)	10.5	9.6	7.0	6.5	21.5	24.8	6.7	7.3	2.6	2.5	25.4	28.3
102 HK	Summit Acsent	Buy	6.8	4.5	0.9	3.0	20.9	(19.7)	74.8	8.7	72.4	7.8	63.7	(99.2)	-	-	5.9	3.5	8.2	50.7
27 HK	Galaxy Ent.	BUY	43.3	33.3	18.3	(6.7)	(20.2)	(41.0)	18.1	16.5	13.6	11.5	(17.2)	14.3	1.4	1.4	3.3	2.9	19.1	18.6
2282 HK	MGM China	HOLD	15.4	13.6	6.7	(7.7)	(23.7)	(40.2)	15.1	21.4	14.4	16.0	(31.0)	(5.0)	2.4	1.9	8.5	6.4	55.2	34.2
1928 HK	Sands China	HOLD	33.9	28.6	29.8	(9.8)	(18.7)	(44.8)	20.7	27.2	16.2	18.4	(35.6)	(10.8)	3.9	3.0	5.1	5.2	23.5	18.9
MPEL US	Melco Crown	REDUCE	17.1	19.2	10.4	(15.1)	(21.6)	(42.8)	33.0	36.4	15.0	12.5	(20.3)	16.7	0.7	0.7	2.4	2.3	6.0	5.1
1128 HK	Wynn Macau	REDUCE	15.9	13.7	9.2	(16.7)	(29.9)	(46.6)	19.7	31.3	15.8	19.0	(29.9)	(8.7)	4.7	3.9	8.0	8.7	45.4	26.7
880 HK	SJM Holdings	REDUCE	8.3	9.0	6.6	(5.3)	(21.2)	(49.0)	11.2	14.0	6.2	9.0	(27.7)	(14.9)	6.3	5.0	2.0	2.0	18.2	14.3
Macau average						(10.2)	(22.6)	(44.1)	19.6	24.5	13.5	14.4	(26.9)	(1.4)	3.3	2.6	4.9	4.6	27.9	19.6
LVS US	Las Vegas Sands	N/R	N/A	51.9	41.4	(4.7)	(8.4)	(28.3)	19.3	18.2	12.2	11.6	(19.4)	5.5	5.0	5.1	5.3	5.4	25.8	26.3
WYNN US	Wynn Resorts	N/R	N/A	98.2	10.0	(23.7)	(34.3)	(50.1)	26.3	19.6	13.6	11.4	(27.7)	19.4	3.1	2.8	NA	108.8	171.4	231.7
MGM US	MGM Resorts	N/R	N/A	18.6	10.5	(14.1)	(11.0)	(28.1)	38.3	38.6	12.0	11.8	(3.3)	2.2	-	-	1.9	1.7	4.1	3.7
1680 HK	Macau Legend	N/R	N/A	2.7	2.2	-	(4.9)	NM	76.9	37.9	29.3	19.3	(36.6)	51.5	-	-	2.3	2.2	2.6	4.9
GENS SP	Genting SG	N/R	N/A	0.9	8.2	(1.2)	(12.5)	(31.2)	23.3	19.4	8.5	7.7	(13.4)	10.2	1.1	1.1	1.2	1.1	5.3	5.9
GENM MK	Genting Malaysia	N/R	N/A	4.2	6.3	-	4.5	0.5	17.2	15.5	8.3	7.5	5.6	10.0	1.7	1.8	1.4	1.3	8.3	8.7
Bloom PM	Bloomberry	N/R	N/A	8.9	2.2	(14.3)	(26.4)	(17.2)	25.6	18.4	9.7	8.1	24.3	19.1	0.3	0.2	3.3	2.8	13.2	16.5
034230 KS	Paradise	N/R	N/A	24,200	2.0	12.6	3.2	(34.5)	19.3	17.9	12.7	10.1	(0.6)	26.1	2.4	2.7	2.1	1.9	10.9	11.1
114090 KS	GKL	N/R	N/A	31,200	1.7	(8.1)	(5.3)	(19.9)	14.7	12.8	7.5	6.6	16.3	14.2	3.7	4.2	3.9	3.4	29.0	31.1
035250 KS	Kangwon Land	N/R	N/A	37,700	7.3	9.9	22.1	34.2	17.1	15.6	9.6	8.9	19.4	8.0	2.9	3.1	2.6	2.4	16.2	16.2
Global (ex-Macau) average						(4.4)	(7.3)	(19.4)	27.8	21.4	12.3	10.3	(3.5)	16.6	2.0	2.1	2.7	13.1	28.7	35.6

Notes: Price at 25 June 2015

Sources: BNP Paribas estimates for rated stocks; Bloomberg consensus estimates for NR (Not rated) stocks

Risks to our call

Reduction in the dividend payout ratio. Since 2010, Naga has been delivering attractive dividend yields by maintaining its dividend payout ratio at c70%. Any business slowdown or management's intention to retain cash could result in a reduction in the dividend payout ratio, which could have a significant negative impact on the share price.

Regional competition from Vietnam and/or Thailand. Regulatory approvals for large-scale gaming developments at Vietnam and/or Thailand targeting foreign tourists could create increased competition. Impact of competition from new casinos in Vietnam is currently limited as locals are not allowed to enter casinos. Note that, the opening of The Grand at Ho Tram, Vietnam on 27 July 2013, had no impact on Naga's operations (GGR grew 17% y-y in 2014). However, all of this could change if Vietnam allows locals to visit the casinos (e.g, implementing similar controls as those seen in Singapore).

Regulatory risk (loss of license and increase in gaming tax). Naga has an exclusive gaming license within a 200km radius of Phnom Penh until 2035 and a casino license until 2065. Naga's "Obligation payments" (subject to a 12.5% rise pa) in place of a gaming tax with the Cambodian government expires in 2018.

Equity placement and CEO ownership overhang. We believe there is risk of equity dilution for Naga with regards to fund raising through equity means and sale of shares by **CEO** Tan Sri Chen Lip Keong. On completion of NagaCity Walk and Naga2, Dr. Chen will receive 399m and 1,167m shares at an agreed price of HKD1.8376 per share, which could return his stake to c70%. We cannot rule out the possibility of Dr. Chen selling the additional shares in order to improve free float and maintain holdings below 50%.

Exhibit 25: Historical equity fund raising by NagaCorp and CEO equity sales

	Offer price (HKD/share)	No. of shares issued (m)	Proceeds (HKD m)	Proceeds (USD m)	Remarks
Oct 2006	1.43	575	822	106	Funding for development of NagaWorld
Apr 2012	3.04	214	651	84	Sale by CEO
Nov 2012	4.45	90	401	52	Sale by CEO
Mar 2013	6.05	200	1,210	156	Funding for VIP expansion

Sources: Company; BNP Paribas

Company background

History of Naga

NagaCorp operates hotels, gaming and leisure businesses in Cambodia. Its flagship, NagaWorld, is the only integrated resort in Phnom Penh (capital city of Cambodia) with a 70-year casino licence through 2065 and a 41-year monopoly expiring in 2035. Located in a 200-km radius of Phnom Penh, NagaWorld reported EBITDA margin of 43% in 2014 and held 169 gaming tables and 1,537 gaming machines as at the end of 2014. The company has remained unleveraged since its listing in the Hong Kong exchange in October 2006. NagaCorp was transferred the gaming licence by Tan Sri Dr Chen in 1995 and commenced its casino operations on a barge anchored to the Bassac River on May 1995.

NagaWorld had its full opening in December 2007. NagaCorp acquired Naga2 from Tan Sri Dri Chen in January 2012 with consideration of convertible bonds or shares to be settled upon the completion of Naga2. The company has scheduled to open NagaCity Walk and the TSCLK complex in 1Q16 and 2017.

Exhibit 26: NagaCorp: Key corporate events

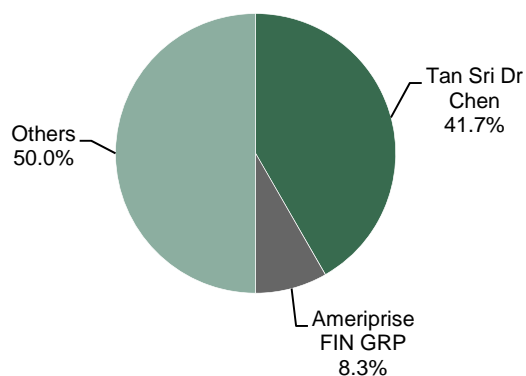
Date	
1994	Tan Sri Dr Chen (CEO) successfully bid the development of the island casino resort project
Jan 95	Tan Sri Dr Chen (CEO) was granted a casino license with term of 70 years
May 95	NagaWorld received the casino licence from Tan Sri Dri Chen and commenced its gaming operations on a barge anchored to the Bassac River
Aug 00	NagaCorp leased an area of about 14,160sqm from the Cambodian Government for the construction of NagaWorld
Oct 06	NagaCorp was listed in Hong Kong, which raised HK\$822m from the IPO of 575 million shares at HK\$1.43 each
Jan 07	The phase one of NagaWorld was opened with 60 hotel rooms and 40 gaming tables
Dec 07	NagaWorld was fully opened with 508 hotel rooms and 176 gaming tables
Jun 11	Proposed acquisition of Naga2, comprising NagaCity Walk, Tourist Garden and the TSCLK complex from Tan Sri Dr Chen (CEO)
Jan 12	The proposal to acquire Naga2 was approved by voting
Nov 12	The construction of Naga2 started
Mar 13	NagaCorp placed 200 million new shares at HK\$6.05 and raised HK\$1.2b
3Q15	The NagaCity Walk to be completed
1Q16	The NagaCity Walk to commence operation
Late 2016	The TSCLK complex to be completed
2017	The TSCLK complex to commence operation

Source: Company data

Corporate Structure

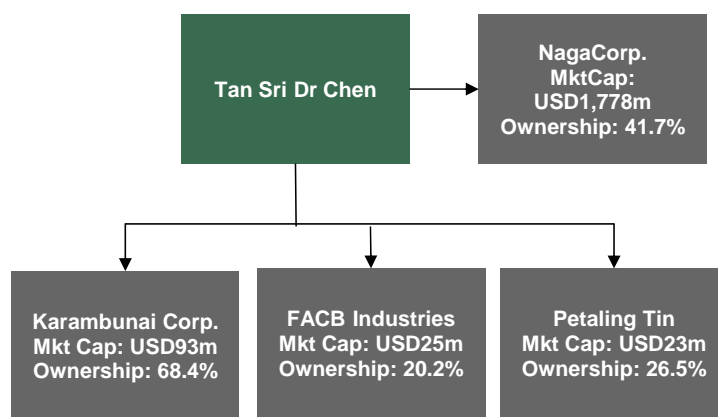
Tan Sri Dr Chen (CEO and founder of NagaCorp) owns 41.71% of the company. Other institutional investors, including Ameriprise, Federated, Franklin Resources, Thornburg and EQ Fund, collectively own 13.14% of Naga (as at 25 June 2015).

Exhibit 27: Ownership structure



Sources: Company data; Bloomberg

Exhibit 28: Shareholding structure



Sources: Company data; Bloomberg

Key Management

Timothy Patrick McNally joined the company in February 2005 as the Chairman of the Board. He also serves as Chairman of the AML Oversight Committee of the Company. Currently he is an international security consultant and is the President of B2G Global Strategies headquartered in California. Mr. McNally was a Special Agent of the Federal Bureau of Investigation (“FBI”) for almost 25 years.

Lip Keong Chen as the founder of the company, is the Chief Executive Officer and Executive Director of the Company, holding 41.71% stake of the company currently. He is also a member of the Remuneration Committee, Nomination Committee and AML Oversight Committee of the Company.

Wai Tuck Lee joining the company in 2009, is the Chief Financial Officer of the company. He had worked on senior management positions in financial and management functions with wide experience in accounting, finance, treasury and corporate finance. Mr. Lee is a member of the Malaysian Institute of Certified Public Accountants (MICPA), Malaysian Institute of Accountants (MIA) and CPA Australia.

Yepern Chen is the Executive Director since joining the company in 2011. He also serves as a member of the Remuneration Committee, Nomination Committee and AML Oversight Committee of the Company. Mr. Chen holds a Bachelor of Science degree in Finance of California State University. Mr. Chen is a son of Lip Keong Chen, the Chief Executive Officer, founder and controlling shareholder of the Company.

Exhibit 29: Senior management of NagaCorp

Name	Position	Starting year	Age
Lip Keong Chen	CEO, Executive Director	1995	67
Wai Tuck Lee	CFO, Executive Director	1999	52
Yepern Chen	Executive Director	2011	31
Timothy Patrick McNally	Chairman, Non-executive Director	1999	67
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir	Independent Non-executive Director	2007	75
Mun Kee Lim	Independent Non-executive Director	2007	48
Kai Jin Lai	Independent Non-executive Director	2010	45

Source: Company data

Corporate Governance

Board structure

Number of Independent Directors (ID)	3
Percentage of IDs in the board	3/7
ID participation/attendance at board meetings	5/5 (100%)
ID participation in audit/remuneration committees	100%/60%
ID terms (years of service, re-election/replacement procedures)	One year

Sources: Company; BNP Paribas

Additional comments: N.A.

Audit Practices

Auditor	BDO Limited
Length of service	8 years
Reporting incidents	Nil
Fee track record	N.A.
Policy on change of Audit firm	The Audit Committee has recommended their reappointment at the forthcoming AGM

Sources: Company; BNP Paribas

Additional comments: BDO has been appointed by the Board since 2007.

Compensation and remuneration

Directors' remuneration vs. earnings/ROE/share performance	USD2m in FY14, down 46% y-y
Changes/stability in senior management	Re-election of Wai Tuck Lee, Yepern Chen and Kai Jin Lai as Directors in 2014 AGM
Incidents of termination of senior management	Nil
Track record on Insider sales	N.A.

Sources: Company; BNP Paribas

Additional comments: Lip Keong Chen (CEO) was paid a performance bonus of USD2m based on Group's PBT performance in FY2013.

Shareholders' rights

Communication - shareholder participation in AGMs/EGMs	The Company is committed to maintaining a continuing open dialogue with shareholders through formal communication channels.
Related party transactions	Compensation of USD8m to key management personnel(2014)
Voting issues - policies, incidents of rejected proposals	N.A.

Sources: Company; BNP Paribas

Additional comments: The Group has transacted with related companies, which are controlled by Lip Keong Chen (CEO), for the provision of travel and tour services and hotel accommodation to the Group and expenses paid on behalf of the related companies.

Financial statements

NagaCorp Ltd

Profit and Loss (USD m) Year Ending Dec	2013A	2014A	2015E	2016E	2017E
Revenue	345	404	501	599	739
Cost of sales ex depreciation	(96)	(132)	(164)	(186)	(258)
Gross profit ex depreciation	249	273	337	413	481
Other operating income	2	3	3	3	3
Operating costs	(78)	(100)	(127)	(150)	(220)
Operating EBITDA	172	176	213	266	265
Depreciation	(26)	(34)	(41)	(45)	(62)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	145	142	172	221	203
Net financing costs	0	0	0	0	0
Associates	0	0	0	0	0
Recurring non operating income	0	0	0	0	0
Non recurring items	0	0	0	0	0
Profit before tax	145	142	172	221	203
Tax	(5)	(6)	(7)	(8)	(9)
Profit after tax	140	136	165	214	194
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	140	136	165	214	194
Non recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	140	136	165	214	194
Per share (USD)					
Recurring EPS *	0.06	0.06	0.07	0.08	0.05
Reported EPS	0.06	0.06	0.07	0.08	0.05
DPS	0.04	0.04	0.05	0.06	0.04
Growth					
Revenue (%)	23.7	17.2	24.0	19.5	23.4
Operating EBITDA (%)	24.7	2.2	21.5	24.8	(0.6)
Operating EBIT (%)	23.6	(2.4)	21.2	28.6	(8.3)
Recurring EPS (%)	15.5	(5.0)	21.5	9.9	(36.7)
Reported EPS (%)	15.5	(5.0)	21.5	9.9	(36.7)
Operating performance					
Gross margin inc depreciation (%)	64.4	59.1	59.1	61.4	56.8
Operating EBITDA margin (%)	49.8	43.4	42.6	44.5	35.8
Operating EBIT margin (%)	42.2	35.1	34.3	37.0	27.5
Net margin (%)	40.7	33.7	33.0	35.7	26.3
Effective tax rate (%)	0.0	0.0	0.0	0.0	0.0
Dividend payout on recurring profit (%)	68.7	70.1	70.0	70.0	70.0
Interest cover (x)	n/a	n/a	n/a	n/a	n/a
Inventory days	4.1	3.2	2.9	2.5	1.8
Debtor days	20.5	21.1	23.7	24.1	23.8
Creditor days	124.4	103.1	86.3	92.3	81.0
Operating ROIC (%)	60.3	48.8	52.4	60.7	38.2
ROIC (%)	43.0	36.9	41.4	49.4	33.2
ROE (%)	28.0	22.2	25.4	28.3	19.4
ROA (%)	26.3	20.9	24.0	26.7	18.4
*Pre exceptional pre-goodwill and fully diluted					
Revenue By Division (USD m)					
Gaming	325	381	476	571	693
Non-gaming	20	23	25	28	46

Sources: NagaCorp Ltd; BNP Paribas estimates

Financial statements

NagaCorp Ltd

Cash Flow (USD m) Year Ending Dec	2013A	2014A	2015E	2016E	2017E
Recurring net profit	140	136	165	214	194
Depreciation	26	34	41	45	62
Associates & minorities	0	0	0	0	0
Other non-cash items	0	0	0	0	0
Recurring cash flow	167	170	207	259	256
Change in working capital	12	(12)	1	1	2
Capex - maintenance	0	0	0	0	0
Capex - new investment	(59)	(97)	(30)	(30)	(37)
Free cash flow to equity	120	61	178	230	221
Net acquisitions & disposals	0	0	0	0	0
Dividends paid	(97)	(102)	(116)	(149)	(136)
Non recurring cash flows	0	(24)	(0)	0	0
Net cash flow	23	(65)	62	80	85
Equity finance	156	(9)	0	0	0
Debt finance	0	0	0	0	0
Movement in cash	179	(74)	62	80	85

Per share (USD)					
Recurring cash flow per share	0.07	0.07	0.09	0.10	0.07
FCF to equity per share	0.05	0.03	0.08	0.09	0.06

Balance Sheet (USD m) Year Ending Dec	2013A	2014A	2015E	2016E	2017E
Working capital assets	19	30	37	44	54
Working capital liabilities	(40)	(35)	(43)	(51)	(63)
Net working capital	(21)	(5)	(6)	(7)	(9)
Tangible fixed assets	270	337	330	412	666
Operating invested capital	249	332	324	405	657
Goodwill	0	0	0	0	0
Other intangible assets	77	73	70	66	63
Investments	0	0	0	0	0
Other assets	22	16	16	16	16
Invested capital	348	421	409	487	736
Cash & equivalents	(252)	(204)	(266)	(346)	(431)
Short term debt	0	0	0	0	0
Long term debt *	0	0	0	0	0
Net debt	(252)	(204)	(266)	(346)	(431)
Deferred tax	0	0	0	0	0
Other liabilities	0	0	0	0	0
Total equity	600	626	675	833	1,166
Minority interests	0	0	0	0	0
Invested capital	348	421	409	487	736

* includes convertibles and preferred stock which is being treated as debt

Per share (USD)					
Book value per share	0.27	0.27	0.30	0.31	0.30
Tangible book value per share	0.23	0.24	0.27	0.29	0.29

Financial strength					
Net debt/equity (%)	(42.0)	(32.6)	(39.3)	(41.5)	(36.9)
Net debt/total assets (%)	(39.4)	(30.9)	(37.0)	(39.1)	(35.0)
Current ratio (x)	6.7	6.7	7.1	7.6	7.7
CF interest cover (x)	n/a	n/a	n/a	n/a	n/a

Valuation	2013A	2014A	2015E	2016E	2017E
Recurring P/E (x) *	12.1	12.8	10.5	9.6	15.1
Recurring P/E @ target price (x) *	14.4	15.1	12.5	11.3	17.9
Reported P/E (x)	12.1	12.8	10.5	9.6	15.1
Dividend yield (%)	5.7	5.5	6.7	7.3	4.6
P/CF (x)	10.2	10.2	8.4	7.9	11.5
P/FCF (x)	14.2	28.5	9.8	8.9	13.3
Price/book (x)	2.8	2.8	2.6	2.5	2.5
Price/tangible book (x)	3.3	3.2	2.9	2.7	2.7
EV/EBITDA (x) **	8.6	8.5	7.1	6.0	7.9
EV/EBITDA @ target price (x) **	10.4	10.3	8.6	7.3	9.7
EV/invested capital (x)	4.2	3.6	3.6	3.5	3.4

* Pre exceptional & pre-goodwill and fully diluted

** EBITDA includes associate income and recurring non operating income

Sources: NagaCorp Ltd; BNP Paribas estimates

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